HIGHER EDUCATION ASSISTANCE GROUP, Inc. ~ A Financial Aid and Higher Education Consulting Group

HEAG

NEWSLETTER

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Achieve a Higher Standard... with HEAG!

Message from Milton

With the recent emphasis on the high cost of education and student indebtedness, it is important to recall that we all have an opportunity as financial aid professionals to create a positive and immediate bond with our students. With the beginning of the school year and the lines of students understandably requesting assistance, patience, empathy and a clear explanation in response to their particular problem will go far in establishing and sustaining a positive relationship with your students. With this in mind, all of us at HEAG wish you the very best of luck with the beginning of the school year.

~ Milton Kerstein, President

HEAG CONSULTANT SPOTLIGHT

This quarter's consultant spotlight is **Brittany Barker, HEAG's Southeastern Regional Director of Marketing and Client Services.**

Hometown:
I grew up in Youngsville, North Carolina on an old tobacco farm.

How do you take your coffee?
Never. Sweet tea is my addiction of choice.

Tell us a little about yourself.
Growing up in rural North Carolina, I am a true Southerner at heart. I am married to my best friend, and together we are raising two daughters and a newborn son in Nashville, TN, while honing our expertise as fried pickle connoisseurs.

How long have you been in financial aid?
I have been in financial aid my entire professional career. As a first generation college student, I was clueless as to how the aid process worked and how I could receive support to take advantage of summer courses or even study abroad programs. When I began working in financial aid, I was quickly addicted to simplifying the process for students, and their families, and ensuring that they felt both knowledgeable and supported throughout their collegiate journey.

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GAINFUL EMPLOYMENT DEADLINES: PREPARING FOR OCTOBER 1ST

By **Brittany Barker**
HEAG's Southeastern Regional Director of Marketing and Client Services

Colleen King
HEAG's Executive Director

The Desire to Protect

Fueled with the desire to protect students from enrolling in ineffective career college programs, the Department of Education has mandated that institutions provide specific information about "gainful employment programs" to ensure that students aren't stockpiling debt while simultaneously being no closer to acquiring employment. After years of foreboding, the Department of Education (ED) is making good on their promise to hold institutions accountable for not filing Gainful Employment (GE) disclosures on time. ED has provided numerous announcements, presented at conferences, and sent anticipation letters ensuring that institutions were adequately informed about the disclosures and consequences of noncompliance.

Catching Institutions by Surprise

However, some institutions didn't realize that they had

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Gainful Employment Deadlines: Preparing for October 1st

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programs that qualified as "GE-eligible" and have been surprised by letters from ED noting their oversight. Other institutions have submitted their disclosures, but they were deemed grossly insufficient. Whatever the issue, the Department of Education has been actively communicating with institutions that did not disclose information from the 2008-2009 award year through the 2013-2014 award year by the July 31, 2015 deadline. Following the initially mandated disclosure, institutions are required to report GE data annually by **October 1** following the end of the award year – October 1, 2015, for the 2014-2015 award year, for example—unless the Secretary indicates otherwise. With another deadline looming, many more institutions may find themselves on the "noncompliance" list.

Harsh Consequences to Come

The consequences of being on this list? ED has made it clear that they may determine that the institution "lacks the administrative capability to participate in the Title IV student financial assistance programs." As a result, the institution may be subject to one or more sanctions—the worst of which would remove the institution's eligibility to administer Title IV aid. Institutions, such as the University of Phoenix (UOP), have implemented major restructuring in response to these regulations. For UOP, this has meant eliminating all gainful employment programs from their academic menu. Subsequently, several satellite campuses were liquidated, staffing reduced, enrollment dropped, and profits impacted. UOP is just one of hundreds of institutions that offered gainful employment programs.

Avoiding and Lessening Penalties

To avoid, or lessen the penalties levied by the Department of Education, it is essential for institutions to submit disclosures as soon as possible. If you received one of these letters OR maybe you're just uncertain of whether or not your school is in compliance, make sure to visit IFAP's Gainful Employment Information Page, as well as, download the NSLDS GE User Guide. Additionally, HEAG has successfully assisted schools in complying with all new GE reporting and disclosure requirements. If assistance is needed, please contact HEAG as soon as possible.

Sources:

http://www.usnews.com/education/blogs/student-loan-ranger/2015/07/08/what-the-new-gainful-employment-rule-means-for-college-students

http://www.thestreet.com/story/13224023/2/the-university-of-phoenix-shrinks-studen-body-as-eds-gainful-employment-rules-take-effect.html

https://ifap.ed.gov/GainfulEmploymentInfo/GEFAQV2.html

HEAG Consultant Spotlight

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You have a Masters of Leadership in Professional Administration. What resource do you believe would be of value to Financial Aid administrators?

There are two books that I have found to be invaluable in both my career, and in my personal life. The first is *The Servant*, by James C. Hunter. Servant Leadership isn't a style that is talked about, and truly practiced very often. However, the book beautifully outlines how this style doesn't just better lead others, but it also addresses how to practice followership. When executed correctly, there is a huge professional payoff, but you'll feel personal fulfillment as well. Secondly, I would recommend *Now Discover Your Strengths*, by Marcus Buckingham and Donald Clifton. In an age where so many industries teach their leadership that there is growth and improvement when weaknesses are identified and remedied, this book couldn't be more powerful. A paradigm shift into thinking from a perspective of strengths and subsequently strengths-based teams will reward financial aid offices who practice these skills as they work together to meet so many of the present challenges.

What do you believe is the biggest challenge institutions are facing right now?
Institutions are struggling to find the balance between delivering the premier student service families expect and meeting all of the complex mandates and regulations that the Department of Education demands, and often doing so with limited staffing and financial resources. Now more than ever, institutions have a strong need for streamlined, efficient processes, grounded in compliance. I believe this has wholeheartedly contributed to the growing requests, from institutions, for HEAG's compliance experts to perform business process and compliance reviews as a means to meet these ends.

Brittany Barker is HEAG's Southeastern Regional Director of Marketing and Client Services. Before joining HEAG, Brittany served as the Director of Financial Aid at Northern Essex Community College in Massachusetts and as an Assistant Director of Financial Aid at Stetson University College of Law in Florida. Brittany works with community colleges, and public, private and proprietary institutions to make financial aid processes as streamlined and efficient as possible for students and financial aid administrators alike.

WHAT DO YOU THINK?

President Obama's recently announced changes to the FAFSA will allow students to start filing for financial aid 3 months earlier, as well as, utilize information from previous tax years in order to begin the process earlier. Tell us what you think of these changes; answer our 2 question survey here:

Click to Launch Survey »

We will share the results of this poll with you next month.

HEAG'S LINKEDIN QUARTERLY RECAP

HEAG shares financial aid news and stories on LinkedIn throughout the week. Make sure to follow HEAG's company page at https://www.linkedin.com/company/higher-education-assistance-group-inc.

Sept 22 – A Simpler Financial-Aid Calculator Spreads
http://www.nytimes.com/2015/09/22/upshot/a-simpler-financial-aid-calculator-spreads.html?_r=1

Sept 21 – How Obama's 'Behavioral Sciences Team' Will Get You To Repay Your Student Loan
http://www.forbes.com/sites/elizabethharris/2015/09/21/how-obamas-behavioral-sciences-team-will-get-you-to-repay-your-student-loan/

Sept 17 – Universities Move to Flat-Rate Textbooks
http://campustechnology.com/articles/2015/09/16/universities-move-to-flat-rate-textbooks.aspx

Sept 15 – FACT SHEET: The President's Plan for Early Financial Aid: Improving College Choice and Helping More Americans Pay for College
https://www.whitehouse.gov/the-press-office/2015/09/14/fact-sheet-president%E2%80%99s-plan-early-financial-aid-improving-college-choice

Aug 27 – 4 College Funding Sources – and How Can They Affect Financial Aid
http://www.usnews.com/education/best-colleges/paying-for-college/articles/2015/08/26/4-college-funding-sources-and-how-can-they-affect-financial-aid

Aug 25 – Tuition Discount Rates Rise Again, Signaling Potential Challenges for Private Colleges
http://www.nasfaa.org/news-item/5583/Tuition_Discount_Rates_Rise_Again_Signaling_Potential_Challenges_for_Private_Colleges

Aug 21 – Ed Dept to create student debt relief committee
http://www.educationdive.com/news/ed-dept-to-create-student-debt-relief-committee/404316/#.VdcPFciJX6o.twitter

Aug 19 – Why poor students drop out even when financial aid covers the cost
http://www.pbs.org/newshour/bb/poor-students-drop-even-financial-aid-covers-cost/

Aug 18 – A new way to pay for higher education?
http://wdtn.com/2015/08/17/a-new-way-to-pay-for-higher-education/

Aug 12 – Changes to a crucial financial aid formula may hurt middle-income families
http://finance.yahoo.com/news/asset-protection-allowance-financial-aid-220748287.html

Aug 7 – New Senate bill would overhaul default sanctions
http://www.educationdive.com/news/new-senate-bill-would-overhaul-default-sanctions/403551/

Aug 4 – One-Size-Fits-All, 108 Question Financial Aid Form Has To Go
http://campustechnology.com/articles/2015/08/03/one-size-fits-all-108-question-financial-aid-form-has-to-go.aspx

Jul 30 – Congress passes bill allowing universities to collaborate on financial aid best practices
http://vtdigger.org/2015/07/29/congress-passes-bill-allowing-universities-to-collaborate-on-financial-aid-best-practices/

Jul 24 – Financial aid Web site to refund consumers $5.2 million for bogus charges
http://www.washingtonpost.com/news/get-there/wp/2015/07/23/financial-aid-website-to-refund-consumers-5-2-million-for-bogus-charges/

Jul 15 – Mid-Year Verification Changes for 15-16
http://www.nasfaa.org/news-item/5022/Mid-Year_Verification_Changes_for_2015_16

WHEN THE FEDS AUDIT THE FEDS

By **Jeffrey Megargell**
HEAG Consultant

It might be difficult to track down the origin of the quote "nobody's perfect," but it tends to remain true, even at the highest levels of government. The Office of the Inspector General (OIG) recently conducted an audit of the Department of Education (ED) and found numerous cases in which ED failed to conduct the required follow-up on unpaid monetary recommendations by colleges, which led to potential errors of more than $1.3 billion.

The issue seems to have been ongoing, as OIG sampled five years of ED data for their audit. They discovered numerous discrepancies, such as files put in a "resolved" status for more than two years when they were still outstanding, with 35% of those same files still not finalized after four years. OIG cited a number of reasons for the ineffective follow-up process, from internal administrative weaknesses inside ED to established policies simply not being followed.

The OIG issued recommendations that, ironically, are similar to those that ED makes for schools on discovering typical higher education audit issues; they included improving the organization of internal documents within the department, updating policies and procedures, and conducting more staff trainings.

At HEAG, we take compliance with ED rules very seriously. For more information on dealing with a Department of Education audit or program review and how to finalize corrective action that may be levied upon your school, please contact us at 617-928-1975.

Source: http://www.nasfaa.org/news-item/4744/Federal_Student_Aid_Experiences_Common_Audit_Findings

THE STRUGGLES OF A SMALL SCHOOL

By **Brittany Barker**
HEAG's Southeastern Regional Director of Marketing and Client Services

With the economic climate of the nation in a state of complete vulnerability, institutions of higher education are not immune to the impact that it has on their industry. Collectively, most institutions are facing tremendous challenges. The mission of an institution is to provide students with the education they need to be significant members of the workforce. In order to do this, institutions need sizeable resources, which collectively come from government subsidies, endowments, grants, and revenue generated by student tuition and fees. However, many states are cutting their state aid programs, the federal government is constantly debating the management of student loans and the administration of the Pell Grant, and private donors are no longer able to contribute what they once were, drastically reducing endowments. The only place left to turn is to the pockets of students and their families by raising tuition and fees to offset these costs. All the while, accrediting agencies are monitoring institutional standards and the Department of Education is monitoring default rates and gainful employment. Although most schools are battling these concerns, small schools are getting hit with the hardest blow.

These issues are not just internal, but are raising eyebrows at the federal level. The Department of Education has been keeping a close eye on student loan default rates and gainful employment statistics. With years of anticipation, and certainly a lot of warning, the Department of Education had threatened to apply sanctions to institutions that have a 30% default rate or higher. At the 2014 NASFAA Conference, a Department of Education official projected that "at least 30% of institutions are at risk for these sanctions going into effect in Fall of 2014."[1] At a time when financial aid is a primary contributor to student enrollment, a sanction impacting an institution's ability to offer financial aid is devastating.

Likewise, last year, Susan Fitzgerald, an analyst for Moody Investor Service who analyzes the credit worthiness of hundreds of institutions, gave warning stating "What we're concerned about is the death spiral—this continuing downward momentum for some institutions."[2] In mid 2014, analysis showed a growing trend of approximately only 5 institutions closing a year prior to 2008, has since doubled. The number of colleges that has merged (37) has more than tripled in the past 3 years.[3] Small schools were the highest contributor to these statistics.

In addition, accrediting agencies are exercising greater scrutiny when reviewing the health of their institutions. The third-party review analyzes the financial health of the institution, pays close attention to enrollment numbers, and ensures that curriculum is robust and successfully reflects their degree programs. Although the agencies are not a part of the federal government, if they withdrawal their accreditation from the institution as a result of their review, the institution subsequently loses their ability to offer federal financial aid. Although the loss isn't immediate, the warnings are often the first indicator that the end is near.

Monitoring and managing, gainful employment, student lending, retention and graduation rates, and administering aid according to ED's guidance are essential to surviving enrollment rate challenges and decreases in endowment. Likewise, putting resources into maintaining compliance will greatly reduce the risk of findings from the Department of Education and accrediting agencies. The consequence of these findings can quite simply result in the death of the institution. Utilizing compliance experts to conduct compliance reviews, draft policies and procedures, or even manage the Heightened Cash Monitoring (HCM) payment method if it has been imposed, is the key to ensure your small school is able to survive.

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[1] "Gainful Employment Disclosures and Template Demonstration." 2014 NASFAA Conference. Georgia World Congress Center, Atlanta. 2 Dec. 2014. Lecture.

[2] Weissmann, Jordan. "Small Private Colleges Are in Deep Trouble (as They Should Be)." MONEYBOX. The Slate Group, 14 Apr. 2014. Web. 23 Sept. 2015. <http://www.slate.com/blogs/moneybox/2014/04/15/small_private_colleges_are_in_crisis_the_rest_of_us_should_celebrate.html>.

[3] McDonald, Michael. "Small U.S. Colleges Battle Death Spiral as Enrollment Drops." Bloomberg.com. Bloomberg, 14 Apr. 2014. Web. 23 Sept. 2015. <http://www.bloomberg.com/news/articles/2014-04-14/small-u-s-colleges-battle-death-spiral-as-enrollment-drops>.

FOLLOW US ON

FAS—FAFSA FILING CHANGES

September 14, 2015
Subject: President's Announcement of FAFSA Filing Changes

By: **Jeff Baker**
Director, Policy Liaison and Implementation, Federal Student Aid

Today, September 14, 2015, President Obama announced two major changes to the Free Application for Federal Student Aid (FAFSA) process. First, the President announced a change to the date when students and families can begin to submit a FAFSA. Currently the FAFSA is available on January 1st for the upcoming financial aid award year (July 1 through June 30). For example, the 2016-2017 FAFSA will be available on January 1, 2016. Beginning with the 2017-2018 financial aid application cycle, the FAFSA will be available on October 1st of the year prior to the upcoming award year. Thus, 2017-2018 FAFSA filing will begin on October 1, 2016. By having the FAFSA available earlier the financial aid process will generally coincide with the college admissions application and decision cycle, hopefully allowing schools and states to provide financial aid information sooner to students and families.

Second, the President announced a change to which tax year's information will be collected on the FAFSA. Currently, when completing a FAFSA applicants provide income information from the prior tax year (e.g., 2015 income information for the upcoming 2016-2017 FAFSA). Beginning with the 2017-2018, FAFSA income information from one tax year earlier – the so-called "prior-prior year" will be collected. This means that the 2017-2018 FAFSA will collect tax year 2015 income information and not 2016 information. As a result of this change most students will be able to complete their FAFSAs using information from an already completed tax return. This in turn, will provide most of them with the ability to electronically transfer their income tax return information from the IRS into the FAFSA using the IRS Data Retrieval Tool (DRT). This is in contrast with the current "prior year" process where many applicants submit their FAFSAs before tax returns have been completed resulting in the need to estimate income and tax information that subsequently needs to be corrected once the tax return is filed; or worse, waiting to complete their FAFSA until after the tax return has been filed.

After consultation with, and support of, the financial aid community (including financial aid administrators, state grant agencies, and college access organizations) we appreciate that there are a number of issues (both large and small) that will need to be resolved over the next months. Among those is the impact this change may have on requests from students and families to institutions for consideration of professional judgment determinations when there have been significant financial changes from the "prior-prior year". Over the next weeks we will be providing more information regarding the use of professional judgment, especially as it relates to the transition to "prior-prior year" data beginning in 2017-2018. We also will be sharing our thoughts with, and soliciting input from financial aid administrators, on this and other issues at our Federal Student Aid Training Conference in December in Las Vegas.

We are very excited about the FAFSA changes the President announced today and look forward to working with institutions, state grant agencies, high school and other counselors, and the many organizations that work to ensure that every eligible student has the opportunity to be considered for all financial aid for which they may be entitled.

On behalf of Secretary Duncan, we thank you for your continued support.